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CIA Executive Fails to Support Rewald's Claims

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If the CIA intended for Ronald Rewald to set up and staff a proprietary corporation, it would have conducted a full background check on him, a CIA security officer said this morning.

Rewald claims that his company — Bishop, Baldwin, Rewald, Dillingham & Wong — was a CIA proprietary, or a company set up solely for use by the agency.

He is on trial on multiple fraud and perjury charges in connection with the loss of millions of dollars invested in Bishop, Baldwin.

The CIA denies that and says Rewald only provided "light cover" for a number of agents by providing telephone and telex "backstopping."

Mitchell Lawrence of the CIA security clearance division said this morning that Rewald was cleared to provide backstopping despite an FBI check that turned up his Wisconsin theft conviction.

Lawrence said the situation in 1979 was that there was an urgent need for backstopping for an operation and so an extensive background check on Rewald was waived. He said it was a case of "low risk, high gain" in using Rewald.

NEVERTHELESS, Lawrence wrote in an internal CIA memorandum that he thought it was "unsound to proceed" with Re-

wald as a cover source and suggested that Rewald's conviction on selling an unregistered franchise might "only be the tip of the iceberg."

After receiving a "glowing" recommendation of Rewald by CIA Honolulu field chief Jack Kindschi, however, Lawrence decided to go ahead and clear Rewald.

That clearance allowed Rewald to receive secret information and use his company, CMI Corp., as a cover for Charles Richardson, a covert CIA agent operating out of the West Coast.

Lawrence said that if the CIA intended to use Rewald to run a proprietary corporation, however, a full background check would have been made, going back 15 years.

He also said that Rewald, under the clearance approved, had no power to "sign up" people as CIA agents or to have people sign secrecy agreements. Several Rewald consultants believed they were working for the CIA because Rewald swore them in and had them sign secrecy agreements.

Lawson was shown two of the allegedly phony secrecy agreements that Rewald had his associates sign. Lawrence said the forms probably came out of a package of documents given to just about anyone who applies to join the CIA. Such "applicant packages" would be available at the local CIA field office, which was accessible to the public.